



Legislative Research Council

MINUTES Bonding Committee

**First and Final Meeting
2013 Interim
November 18-19, 2013**

**Room 413
State Capitol
Pierre, South Dakota**

The first and final meeting of the 2013 interim of the Bonding Committee was called to order by Chair Senator Ryan Maher at 4:00 p.m., November 18, 2013, in Room 413 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Corey Brown, Phyllis Heineman, Larry Lucas (Ranking Minority Member), Ryan Maher (Chair), Deb Peters, Deb Soholt, and Craig Tieszen; and Representatives Lance Carson (Vice Chair), Brian Gosch, Spencer Hawley, Charles Hoffman, Isaac Latterell, Betty Olson, Kathy Tyler, and Steven Westra.

Staff members present included Fred Baatz, Principal Research Analyst; and Cindy Tryon, Legislative Secretary.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.state.sd.us> under "Interim Information – Current Interim – Minutes and Agendas.")

Reception of Annual Reports

South Dakota Housing Development Authority (SDHDA)

Mr. Mark Lauseng, Executive Director, South Dakota Housing Development Authority, discussed with the committee the Authority's annual report (**Document #1**). Mr. Lauseng said that the Authority is celebrating its 40th Anniversary this year (**Document #2**). Mr. Lauseng reported that SDHDA has issued \$195.2 million in bonds for the First-time Homebuyer Program. SDHDA also loaned more than \$142 million to 1,241 First-time Homebuyer families during FY 2013.

Mr. Lauseng said that through the Governor's House program, a total of 63 homes were sold in 2013 as of June 30. A total of 2,103 homes have been sold through this program since its inception in 1996.

The South Dakota Housing Opportunity Fund (HOF) was established through SB 235 in the 2013 Legislative Session. HOF has received 21 applications for a total of \$2.9 million in requests for the \$1.89 million that is currently available. Those applications will be presented to the board sometime next month.

South Dakota Value Added Finance Authority

Ms. Terri LaBrie, Department of Agriculture, presented the South Dakota Value Added Finance Authority (VAFA) annual report (**Document #3**). The VAFA board consists of 7 members all appointed by the Governor.

Ms. LaBrie reported that the Beginning Farmer Bond Program saw 4 beginning farmer bonds issued during FY 2013 for \$1,531,300 at an average interest rate of 4.52%. At FY 2013 end, 134 bonds had been paid in full, one withdrew after issuance, and only two have defaulted since the program's inception.

Ms. LaBrie reported that no Livestock Nutrient Management Bonds have been issued yet in 2013. \$9,659,765 has been issued since the program's inception in 2002.

In response to a question, Ms. LaBrie said that the bond purchaser sets the interest rates and that is why there are varying rates in the Beginning Farmer Bond Program report.

In response to a question regarding the losses of cattle during the October blizzard, Ms. LaBrie said that some ranchers may meet the Beginning Farmer Bond Program criteria for breeding livestock and could receive some aid through that program. Ms. LaBrie also reported that they have a revolving loan fund that can be used for livestock purchases.

SENATOR BROWN MOVED, SECONDED BY REPRESENTATIVE LATTERELL, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORTS FROM THE SDHDA AND VAFA INTO RECORD. The motion prevailed unanimously on a voice vote.

SENATOR PETERS MOVED, SECONDED BY REPRESENTATIVE WESTRA, TO ADJOURN THE BONDING COMMITTEE UNTIL TOMORROW (NOVEMBER 19). The motion prevailed on a voice vote.

November 19, 2013

Senator Maher reconvened the first and final meeting of the 2013 Bonding Committee on Tuesday, November 19, at 11:00 a.m. in LCR 1 of the State Capitol.

A quorum was determined with the following members answering the roll call: Senators Phyllis Heineman, Larry Lucas (Ranking Minority Member), Ryan Maher (Chair), Deb Peters, and Craig Tieszen; and Representatives Lance Carson (Vice Chair), Spencer Hawley, Charles Hoffman, Isaac Latterell, Betty Olson, and Kathy Tyler. Members excused: Senators Corey Brown and Deb Sohlt; and Representatives Brian Gosch and Steven Westra.

Staff members present included Fred Baatz, Principal Research Analyst; and Cindy Tryon, Legislative Secretary.

Reception of Annual Reports

South Dakota Conservancy District

Mr. Mike Perkovich, Administrator of the Water Resources Assistance Program, Division of Finance and Technical Assistance, presented The South Dakota Conservancy District Report **(Document #4)**. This program oversees the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, and, as of June 30, 2013, has entered into 575 binding State Revolving Fund commitments totaling \$933.9 million.

REPRESENTATIVE CARSON MOVED, SECONDED BY REPRESENTATIVE HOFFMAN, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA CONSERVANCY DISTRICT. The motion prevailed unanimously on a voice vote.

South Dakota Economic Development Finance Authority

Mr. Travis Dovre, Governor's Office of Economic Development, presented the Economic Development Finance Authority (EDFA) Annual Financial Report **(Document #5)**. Mr. Dovre reported that four Agricultural Processing and Export Program (APEX) loans were approved in FY 2013 totaling \$567,750. One bond project was approved in FY 2013 totaling \$10,000,000.

REPRESENTATIVE CARSON MOVED, SECONDED BY REPRESENTATIVE LATTERELL, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORT FROM THE ECONOMIC DEVELOPMENT FINANCE AUTHORITY. The motion prevailed unanimously on a voice vote.

South Dakota Building Authority

Mr. Don Templeton, Executive Secretary, South Dakota Building Authority, said that no new bonds were issued by the South Dakota Building Authority this year **(Document #6)**.

SENATOR HEINEMAN MOVED, SECONDED BY SENATOR TIESZEN, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA BUILDING AUTHORITY. The motion prevailed unanimously on a voice vote.

South Dakota Health and Educational Facilities Authority

Mr. Don Templeton, Executive Director, South Dakota Health and Educational Facilities Authority, reported that there are no new Health and Educational Facilities Authority bond issues to report for the past 12 months but that they are working with Southeast Technical Institute on a project that will be ready the spring of 2014 **(Document #7)**.

REPRESENTATIVE HOFFMAN MOVED, SECONDED BY REPRESENTATIVE TYLER, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY. The motion prevailed unanimously on a voice vote.

Educational Enhancement Funding Corporation

Mr. Don Templeton, Executive Secretary, Educational Enhancement Funding Corporation, reported that \$243.6 million was deposited in the Educational Enhancement trust fund with the issuance of the 2002 bonds (**Document #8**). The refunding bonds for that issuance are projected to provide an economic benefit of \$114.1 million to the trust fund.

REPRESENTATIVE LATTERELL MOVED, SECONDED BY REPRESENTATIVE OLSON, THAT THE EXECUTIVE BOARD RECEIVE AND ACCEPT THE REPORT FROM THE EDUCATIONAL ENHANCEMENT FUNDING CORPORATION. The motion prevailed unanimously on a voice vote.

Adjourn

REPRESENTATIVE TYLER MOVED, SECONDED BY SENATOR HEINEMAN, THAT THE BONDING COMMITTEE BE ADJOURNED. The motion prevailed unanimously on a voice vote.

The committee adjourned at 11:30 a.m.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's Homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **MyLRC** (<http://legis.state.sd.us/mylrc/index.aspx>).